Service Commission of South Carolina

Docket No. 2019-4-G

Annual Review of Purchased Gas Adjustment and Gas Purchasing Policies of Piedmont Natural Gas Company, Inc.

Testimony and Exhibits of MaryBeth Tomlinson

On Behalf Of Piedmont Natural Gas Company, Inc.



Testimony of MaryBeth Tomlinson Docket No. 2019-4-G Page 1 of 3

- A. My name is MaryBeth Tomlinson. My business address is 4720 Piedmont Row Drive, Charlotte, North Carolina.
- 4 Q. By whom and in what capacity are you employed?
 - A. I am employed by Duke Energy as the Manager of Gas Accounting for Piedmont Natural Gas Company Inc. ("Piedmont").
 - Q. Please briefly describe your education and experience.
 - A. I received a B.A. degree in Accounting from Belmont Abbey College in Belmont, NC in 1985. In 1985, I was employed by Hobbs, Crossley and Blacka P.A. as a staff accountant. In 1987, I was employed by ALLTEL Corporation as Manager of General Accounting. In 1995, I was employed by SeaLand Service Corporation as Manager of Vessel Accounting. In 1999, I was employed by United States Ship Management, LLC (USSM) as Manager of General Accounting. In 2005, I was employed by HSBC Mortgage Corp. as Manager of Accounting. In 2007, I was employed by Piedmont Natural Gas Company, Inc. ("Piedmont") as Manager of Special Projects. In February 2008, I became the Manager of Corporate Accounting. In August 2012, this department was divided between two managers and I became the Manager of Plant Accounting and Accounts Payable. I accepted the position as the Manager of Gas Accounting in January 2015.
 - Q. Please describe your responsibilities as Manager of Gas Accounting.
 - A. My responsibilities include: recording the cost of gas on Piedmont's books, maintaining a proper match of revenues and cost of gas in Piedmont's income

Testimony of MaryBeth Tomlinson Docket No. 2019-4-G Page 2 of 3

statements, recording Piedmont's margin in accordance with regulatory requirements in each of the three state jurisdictions in which Piedmont operates, verifying volumes and prices on all invoices relating to the purchase and transportation of natural gas, and recording gas inventory accounts and deferred accounts. 0. Have you previously testified before this Commission or any other regulatory authority? A. Yes. I have previously testified before this Commission and the North Carolina Utilities Commission. Ο. What is the purpose of your testimony in this proceeding? The purpose of my testimony in this proceeding is to report Piedmont's end-of-Α. period balances in and accounting for its deferred gas costs accounts in order to permit the Commission to determine that Piedmont's true-up procedures for the review period of April 2018 – March 2019 have resulted in a properly stated cost of gas and that Piedmont's gas costs are properly recorded in compliance with Piedmont's Gas Cost Recovery Mechanism and hedging plan. Has the Office of Regulatory Staff ("ORS") reviewed Piedmont's Ο. accounting for its cost of gas for the review period in this proceeding? Yes. The Commission has previously ordered the Company to maintain an account reflecting its gas costs each month, the amount of gas costs recovered each month, and amounts deferred each month. The audit staff of the ORS has

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

Testimony of MaryBeth Tomlinson Docket No. 2019-4-G Page 3 of 3

1 conducted a detailed audit and review of the review period activity in that 2 account, as well as the detailed data supporting the accounting entries to that 3 account. A summary of the review period activity in that account is attached 4 hereto as **Exhibit** (MBT-1). 5 Does the Company also maintain a hedging deferred account? Q. 6 A. Yes. Effective April 1, 2002, Piedmont implemented an experimental natural 7 gas hedging program pursuant to Commission Order No. 2002-223. Pursuant 8 to this program, Piedmont maintains a Hedging Deferred Account in which it 9 records the results of its hedging activities undertaken in accordance with its 10 hedging plan. The audit staff of the ORS has also conducted a detailed review 11 of the activity in this account and the detailed accounting data supporting that 12 activity. A summary of the review period activity in Piedmont's Hedging 13 Deferred Account is attached hereto as **Exhibit** (MBT-2). 14 Q. Have the Company's Review Period gas costs been properly accounted 15 for? 16 A. Yes. 17 Does this conclude your testimony? O. 18 A. Yes.

Piedmont Natural Gas Company, Inc. Annual Review 2019-4-G

Exhibit_ (MBT-1)

Piedmont Natural Gas Co., Inc. - South Carolina Gas Cost Deferred Account Activity Annual Prudence Review - Docket No. 2019-4-G 12 Months Ended March 31, 2019

Debits = Due from Customers (Credits) = Due to Customers

Exhibit__(MBT-1)

Reporting Month ==>	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	
Gas Flow Month ==>	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Totals
Beginning Balance	(298,268.42)	(547,569.12)	(149,559.56)	(174,893.91)	791,284.75	1,443,376.01	2,317,596.45	3,052,887.54	2,522,485.80	1,349,888.60	(3,460,648.69)	(3,522,113.54)	
Billed vs. Filed Commodity True - Up	(424,249.61)	(415,011.73)	(683,496.78)	(117,356.28)	(303,907.25)	(108,339.39)	216,298.78	1,121,262.59	2,214,988.85	(2,661,010.34)	725,789.19	679,885.98	244,854.01
Demand True-Up	233,554.04	955,897.83	781,060.50	1,147,968.40	993,361.38	1,060,211.67	662,798.20	(526,533.18)	(1,704,645.92)	(1,850,325.58)	(937,367.33)	3,480.30	819,460.31
Negotiated Losses	-	-	-	-	-	-	-	-	-	-	-	-	-
SC Portion of Capacity Release Credits	(136,723.79)	(173,828.54)	(169,887.59)	(173,683.52)	(173,687.55)	(169,935.15)	(143,801.53)	(298,828.82)	(294,250.42)	(311,691.00)	(279,223.46)	(340,995.48)	(2,666,536.85)
SC Portion of Off System Sales Revenue	(241,969.95)	(500,737.81)	(562,076.60)	(541,711.54)	(446,485.77)	(489,681.04)	(143,118.32)	(1,560,489.07)	(1,306,017.46)	(2,802,246.08)	(1,603,642.31)	(1,109,164.55)	(11,307,340.50)
SC Portion of Off System Sales Costs	222,745.31	455,878.40	517,969.88	491,752.13	401,603.35	447,754.06	131,990.05	1,505,022.54	1,206,263.97	1,946,290.33	1,543,714.07	1,054,923.63	9,925,907.72
WNA	141.54	87.87	(1,820.26)	5.76	24.82	(5.29)	1.81	(409,997.37)	(1,194,022.88)	888,180.67	443,454.43	271,932.41	(2,016.49)
Supplier Refunds	-	(26,550.50)	(2,943.95)	-	-	(1,373.18)	(31.08)	-	(5,064.47)	(71,243.60)	-	-	(107,206.78)
SC - Uncollectibles	38,829.70	68,548.68	60,398.52	81,714.42	67,331.36	29,006.21	942.70	(15,754.88)	(3,715.75)	1,019.96	14,426.16	18,305.10	361,052.18
Monthly Hedging Transfer	59,634.00	34,733.00	35,934.00	76,562.50	110,594.00	100,785.50	1,709.50	(353,580.00)	(92,873.50)	53,370.00	41,149.50	65,997.00	134,015.50
Other Adjustments	-	-	-	-	-	-	-	-	1,368.47	A -	-	-	1,368.47
Ending Balance Before Interest	(546,307.18)	(148,551.92)	(174,421.84)	790,357.96	1,440,119.09	2,311,799.40	3,044,386.56	2,513,989.35	1,344,516.69	(3,457,767.04)	(3,512,348.44)	(2,877,749.15)	
Interest	(1,261.94)	(1,007.64)	(472.07)	926.79	3,256.92	5,797.05	8,500.98	8,496.45	5,371.91	(2,881.65)	(9,765.10)	(8,175.82)	8,785.88
Ending Balance	(547,569.12)	(149,559.56)	(174,893.91)	791,284.75	1,443,376.01	2,317,596.45	3,052,887.54	2,522,485.80	1,349,888.60	(3,460,648.69)	(3,522,113.54)	(2,885,924.97)	
Monthly Interest Rate	3.586%	3.474%	3.497%	3.614%	3.503%	3.705%	3.805%	3.663%	3.334%	3.281%	3.361%	3.066%	

Notes: A) An adjusting entry was made to record \$1,368.47 of additional interest associated with the period January - December 2018 for January and February 2018 supplier invoice adjustments.

Piedmont Natural Gas Company, Inc. Annual Review 2019-4-G

Exhibit_ (MBT-2)

Piedmont Natural Gas Company, Inc. - South Carolina **Hedging Account Activity** Annual Prudence Review - Docket No. 2019-4-G 12 Months Ended March 31, 2019

Debits = Due from Customers (Credits) = Due to Customers

Exhibit__(MBT-2)

	# of Contracts Executed / Exercised	Beginning Balance	Net Options Premium	Fees 1 (A)	Margin Requirement (P&L Cash Act)	Consultant Fees	Proceeds from Positions	Fees 2 (B)	Interest from Brokerage Account	Other Monthly Fee	Monthly Gain / Loss Transfer
April 2018	72	\$ -	62,280.00	930.00	-	558.00	(4,320.00)	186.00	-	-	59,634.00
May 2018	50	\$ -	41,410.00	635.50	-	558.00	(8,010.00)	139.50	-	-	34,733.00
June 2018	32	\$ -	34,880.00	496.00	-	558.00	-	-	-	-	35,934.00
July 2018	59	\$ -	75,090.00	914.50	-	558.00	-	-	-	-	76,562.50
August 2018	72	\$ -	108,920.00	1,116.00	-	558.00	-	-	-	-	110,594.00
September 2018	85	\$ -	98,910.00	1,317.50	-	558.00	-	-	-	-	100,785.50
October 2018	73	\$ -	57,220.00	790.50	-	558.00	(57,200.00)	341.00	-	-	1,709.50
November 2018	84	\$ -	40,320.00	558.00	-	558.00	(395,760.00)	744.00	-	-	(353,580.00)
December 2018	67	\$ -	32,800.00	434.00	-	558.00	(127,270.00)	604.50	-	-	(92,873.50)
January 2019	44	\$ -	52,130.00	682.00	-	558.00	-	-	-	-	53,370.00
February 2019	33	\$ -	40,080.00	511.50	-	558.00	-	-	-	-	41,149.50
March 2019	58	\$ -	64,540.00	899.00	-	558.00	-	-	-	-	65,997.00
		Activity Totals	708,580.00	9,284.50	-	6,696.00	(592,560.00)	2,015.00	-	-	134,015.50

NOTES:

A) Fees 1 - fees paid on purchased options

B) Fees 2 - fees paid on exercised options